

**From:** Steager, Dale W <Dale.W.Steager@wv.gov>  
**Sent:** 5/2/2019 1:11:51 PM  
**To:** Mark McOwen  
**Subject:** HB 2887 and HB2828

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Hi Mark,

HB 2887 was reported out by the House SBE&ED Committee and referred to House Finance. The House passed HB2828. The Senate put the language of HB 2887 into HB 2828, passed the bill and the House passed the Senate amended House Bill.

HB 2887 (HB2828) allow a WV new markets tax credit against insurance premiums taxes.

However, insurance premiums taxes are paid by insurance companies. You and I and anyone else that pay for an insurance policy does not directly pay the insurance premiums tax. (I am ignoring the fire insurance surcharge.)

Thus, the people making the investments generating the new market tax credit under Enrolled HB 2828 do not file returns with the insurance commissioner. (I am ignoring that HB 2828 was vetoed.)

While the Insurance Commissioner knows the names of the insurance companies that pay the insurance premiums tax, the Commissioner does not know the names of the policy holders. HB 2887 (and HB2828) contemplate the Insurance Commissioner collecting the recaptured new markets tax credit.

I am having trouble figuring out how this credit would work and how the recapture would work.

Must insurance companies state in the bill the portion thereof attributable to the insurance premiums tax payable by the insurance company?

Does the policy holder deduct the tax credit from the premiums he pays to the insurance company?

Is the recapture tax “billed” to the insurance company for the insurance company to collect from the policy holder?

Does the Insurance Commissioner directly bill the policy holder for recapture tax not voluntarily paid?

The bills seem to contemplate that the person entitled to claim the new markets tax credit filing a report after the 7<sup>th</sup> year and paying the recapture tax. The bill assumes 100% voluntary compliance. The bill does not appear to include enforcement mechanisms for when there is no voluntary compliance.

Any thoughts?

Thank you.

Dale

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